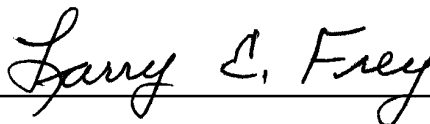


For: County Offices

Purchasing Appraisals – FY 2002

Approved By: State Executive Director

LEF:DLH:th



1 Overview

A

Background

Handbook 1-FLP has been issued with regulations regarding the purchase and use of appraisals.

B

Purpose

The purpose of this notice is to provide County Offices with the new Statements of Work and other changes that have been made in the procedure for purchasing appraisals.

C

Contacts

For questions regarding this notice please contact:

- Allocation of funds, PAC codes or Type: Tamara Hiltz, FLP Program Technician, Ext 247
 - Forms, Purchase Orders: Barbara Enos, Purchasing Agent, Ext 231
 - Appraisal Content: Don Howard, Appraiser, Ext. 238.
 - Program Questions: Lynn Voigt, Farm Program Chief, Ext 256
-

Disposal

Distribution

September 30, 2002

STO, DD, COR, COC, COF - Including Farm Loan Programs

09-20-01

Page 1

2 Action

A

Farm Property Appraisals

When considering an appraisal request the County Offices shall:

- Appraisals for Loan Making and Loan Servicing Applications
 - Submit a complete Appraisal Purchase Order Description Sheet (Exhibit 1) to the State Office (STO) Appraiser with appropriate attachments as soon as you have determined that an appraisal would be necessary.
 - Timely submittal of the request is important so that the STO has adequate time to solicit and have the appraisal completed by the contractor.
 - You are encouraged to submit the appraisal request via fax.
 - If the appraisal request form is submitted to the STO by fax you should send an email to don.howard@or.usda.gov to inform the STO Appraiser that a fax has been transmitted giving the property owner's name, acres, county and date of transmission. Additionally, a hard copy of the request, with attachments, should be submitted by mail.
 - The State Appraiser will solicit and order the appraisal. You should anticipate a 30-45 day period after the award of the solicitation before the completion of the appraisal.
- Appraisals for Shared Appreciation Agreement (SAA)
 - Submit a complete Appraisal Purchase Orders Description sheet (Exhibit 1) to the State Office (STO) Appraiser with appropriate attachments NINE months before the expiration of the agreement.
 - The State Appraiser will solicit and order the appraisal. You should anticipate 30-45 day period after the award of the solicitation before the completion of the appraisal.
 - For SAA ending period appraisals, a copy of the appraisal, the write-down was based on, should be included. This copy should only contain the information on the subject property and not on the sale properties, etc.
 - If the request includes a contributory value for improvements made during a SAA period, the county office must identify the specific improvement. If the improvement replaces another improvement that was present at the beginning of the SAA period, the county office must also identify the old improvement. The assigned appraiser will determine the contributory value of the new development in consideration of the replace/removed item.

Continued on the next page

Action

(Continued)

A

Farm Property Appraisals

- Information to be submitted with an appraisal request:
 - A legal description of the property.
 - A plat map.
 - Four aerial photos with the property boundary marked
 - A copy of FSA's last mortgage and any other mortgage showing fixtures or personal property taken for security with a copy of any partial release executed after the mortgage.
 - A copy of the shared appreciation agreement.
 - The last mortgagee title insurance report
 - Two complete sets of plans and specifications on any planned improvements to be made to the property and to be included in the appraised value. These should be on 8 ½ x 11 inch size paper.
 - A copy of any buy/sell agreement or lease on the property.
 - Any of the documents listed on the order description sheet that applies to the property to be appraised.

Title companies will provide, at no cost, consumer information reports on properties. Appraisers obtain a trio with a plat map, the assessor's improvement information and a copy of the deed. Brokers often obtain a similar package. This information is helpful on properties FSA does not have a mortgage on.

B

Residential Property Appraisals

County office needs to complete and submit an AD-700 to STO to obtain funds and then locate a licensed appraiser to perform the appraisal. The Contracting Officer or State Office Appraisers can assist with locating the appraiser and will complete the necessary purchase order.

C

Chattel Appraisals

County Office shall prepare an AD-700 and send to the STO for approval. Complete the Chattel request form (Exhibit 2) and submit to the State Office as soon as the appraiser is selected. The Statement of Work for Chattel Appraisals is Exhibit 5.

Continued on the next page

Oregon Notice FLP-89

Action

(Continued)

D

Statement of Work

The Statement of Work for Real Estate Appraisals (Exhibit 4), Chattel Appraisals (Exhibit 5), Non-Farm Real Estate Appraisals (Exhibit 6) and a Timber Cruise (Exhibit 7) have been updated and are attached.

E

Appraisers

A list of appraisers that are to be used in those cases where the borrower selects an appraiser is found in Exhibit 3. A minimum of three names should be provided to borrowers requesting the information.

G

Appraisal Reviews

County Offices will complete administrative reviews when you receive a copy of the complete appraisal. You are reminded that:

- Only delegated individuals can complete an administrative review.
 - The administrative review is completed on FSA Form 1922-16 and the original should be placed in the FLP 4 operational file.
 - During the administrative review process the reviewer should verify that the FSA Supplemental Standards that are described by the Statement of Work for the particular appraisal are met. If the supplement standards are not met they should be documented with FSA Form 1922-16.
 - A copy of FSA Form 1922-16 should be faxed to the STO Appraiser with a hard copy sent in the mail.
-

APPRAISAL PURCHASE ORDER DESCRIPTION SHEET**COUNTY OFFICE:** _____ **DATE OF REQUEST:** _____**COUNTY WHERE PROPERTY IS LOCATED:** _____**DATE APPRAISAL IS NEEDED BY:** _____

Address of Property: _____

Owner (s) name: _____ Phone: _____

Address: _____ Zip: _____

Applicant (s) name: _____ Phone: _____

Address: _____ Zip: _____

Contact Person for Access: _____ **Phone:** _____**ATTITUDE OF OWNER TOWARD FSA:** Cooperative () Uncooperative ()**TYPE OF PROPERTY TO BE APPRAISED** **Number of Parcels:** _____

FARM: _____ RANCH: _____ RESIDENTIAL: _____ OTHER: _____

Total Deeded Acres: _____ BLM Permit Units: _____ Forest Permit Units: _____

Irrigated Crop Acres: _____ Dry Crop Acres: _____ Range/Pasture Acres: _____

Type of Irrigation System: _____

FARMSTEAD & IMPROVEMENTS (existing and/or planned) consist of: _____

NATURAL RESOURCES AND TIMBER: _____

OWNERSHIP HISTORY : _____

ATTACHED DOCUMENTS (Copies):

FSA Mortgage: _____ Four (4) aerial Photos: _____ Latest title report: _____

Water right certificate: _____ Grazing Permits: _____ CRP Information: _____

Environmental Survey: _____ Conservation Easement: _____ Plat map: _____

Purchase Agreement: _____ Complete Form FmHA 465-1: _____ Deed Restrictions: _____

First page of last appraisal: _____ Plans, Specs, & Cost Est. on any planned improvements: _____

Survey Map on partial release, homestead protection, conservation easement: _____

Other: _____

PURPOSE OF APPRAISAL (check one)

Loan/transfer: _____ Bankruptcy: _____ Inventory sale: _____

1951-S Primary Servicing: _____ Shared Appreciation: _____ Foreclosure: _____

Homestead Protection: _____ Leaseback/Buyback: _____ Partial Release: _____

Voluntary Conveyance: _____ Conservation Contract: _____ Other: _____

APPRAISAL PURCHASE ORDER DESCRIPTION SHEET

() Borrower's or () Applicant's Case Number / Advice # : _____

Oldest Loan Obligated Prior to 10/01/91: YES () NO ()

Loan Code and Loan Number of oldest loan secured by collateral being appraised:

Date of Last Appraisal: _____

Name of Last Appraiser: _____

FSA County Office's estimated value of property: \$ _____

Type of and date of Application for FSA Services: _____

Expiration Date to Meet Legal Time Frames _____

SIGNED: _____

FSA requesting official

DATE: _____

PROPERTY INFORMATION

Chattel Appraisal

The properties checked below need to be appraised. PLEASE CIRCLE THE ITEMS YOU ARE WILLING TO APPRAISE.

_____ EQUIPMENT

All equipment, machinery, and vehicles listed on the attached form FSA 0440-04A, Security Agreement (Chattels and Crops) and/or the attached list of equipment marked exhibit E.

_____ LIVESTOCK

All livestock listed on the attached form FSA 0440-04A, , Security Agreement (Chattels and Crops) and/or the attached list of livestock marked exhibit L.

_____ INVENTORY, CROPS & FEED ON HAND

The following list of inventory and/or the crops or feed on hand listed in the attached exhibit I.

_____ GROWING CROPS

All crops growing on the properties listed in item 1 of the attached form FSA 0440-04A, Security Agreement (Chattels and Crops).

_____ BASE ACRES

_____ OTHER

I am willing to appraise the circled items of property for \$ _____ and I agree to have it completed and in the FSA Office by _____ (Date).

I am also enclosing a statement of my qualifications to show that I am competent to perform this appraisal.

Appraiser/Contractor Signature

REQUEST FOR CHATTEL APPRAISAL

Date Prepared: _____

From: USDA, Farm Service Agency

_____ County Office

Property ID

Address _____

City, State _____

Phone _____

Property Information for Potential Appraiser

Property Owner

Party to Contact for Access

Name _____

Name _____

Address _____

Address _____

City _____

City _____

Phone _____

Phone _____

Property Location

Address _____

City _____

County _____

Quote to be returned by:

Direction to property and proximity of property to landmarks.

Intended Purpose of Appraisal:

Loan Making __

Loan Servicing____

Sale Price Determination _____

Other _____

FSA desires the appraisal to be completed by _____

I certify that I am not a debarred, suspended or ineligible Contractor by any agency of the Government

[] YES

[] NO

Appraiser

FSA FARM APPRAISER LIST

Name	Company and Address	Phone/Fax/Email	County Area
Brainerd, Harold	3926 NW Lower Village Rd. Bend, Oregon 97701	(541) 389-4016 (541) 389-4016	Crook, Deschutes, Grant, Jefferson, Klamath, Lake, Morrow, Sherman, Wasco, Wheeler
Brush, Mel	P O Box 434 Tangent, Oregon 97389	(541) 967-4039 (541) 926-0855 mel@farmappraise.com	Benton, Grant, Harney, Klamath, Lake, Lane, Linn, Malheur, Marion, Polk
Cutter, Tom	Real Estate Analyses 1727 S.W. Evans Street Portland, Oregon 97219	(503) 246-8732 (503) 452-0512 cuttertc@msn.com	Baker, Clackamas, Clatsop, Columbia, Coos, Lane, Marion, Multnomah, Tillamook, Umatilla, Union, Wallowa, Washington
Dill, Marlo	Bancroft Appraisal Company P O Box 225 Bend, Oregon 97709	(541) 389-2345 x12 (541) 389-6326 marlo@bancroftappraisal.com	Baker, Crook, Deschutes, Douglas, Gilliam, Grant, Harney, Hood River, Jefferson, Klamath, Lake, Malheur, Morrow, Sherman, Umatilla, Union, Wasco, Wallowa and Wheeler.
Filipek, Lonnie	Filipek & Associates 925 S. W. Coronado St. Portland, Oregon 97219	(503) 977-3558 (503) 977-3558 Filipek@msn.com	All Counties

FSA FARM APPRAISER LIST

Name	Company and Address	Phone/Fax/Email	County Area
Frakes, Lester	P O Box 17126 Salem, Oregon 97305-7126	(503) 585-8821 (503) 585-8931 lfrakes2@home.com	All Counties
Fredrickson, Michael	2 West Main St. Walla Walla, Oregon 99362	(509) 522-2272 (509) 529-5821 Asap@bmi.net	Baker, Gilliam, Grant, Morrow, Umatilla, Union, Wallowa, Wheeler
LaFranchi, Scott	P O Box 762 Hines, Oregon 97738-0762	(503) 807-8191 (541) 382-2251	Crook, Deschutes, Harney, Jefferson, Klamath, Lake
Les Cordill,	33501 S. Hwy 213 Molalla, Oregon 97038	(503) 829-7280 (503) 829-7280 Lcordill@spintmail.com	All Counties
Nicholson, Dave	P O Box 21375 Keizer, Oregon 97307-1375	(503) 390-2246 (503) 390-2246 farmappraiser@home.com	Clackamas, Clatsop, Columbia, Coos, Curry, Deschutes, Douglas, Hood River, Klamath, Lake, Linn, Lincoln, Marion, Polk, Tillamook, Wallowa, Wasco, Washington, and Yamhill

FSA FARM APPRAISER LIST

Name	Company and Address	Phone/Fax/Email	County Area
Richey, Rick	RR Richey Company P O Box 4366 Medford, Oregon 97501	(541) 773-5533 (541) 535-5326 Richcolver@juno.com	Coos, Curry, Deschutes, Douglas, Jackson, Josephine, Klamath, Lake
Ruddell, Rebecca	8620 Booth Rd. Klamath Falls, Oregon 97603	(541) 882-1582 (541) 882-1582 Randolcorp@aol.com	Klamath, Lake
Rutherford, Jack	1755 13th St., SE Salem, Oregon 97302	(503) 588-1528 (503) 391-6748 ruthapp@quik.com	All Counties, except Lane
Smith, Tim	P O Box 770 Harper, Oregon 07906	(541) 358-2130 (541) 358-2139 tnsmith@ruralnetwork.net	Baker, Grant, Harney, Malheur, Union, Wallowa
Vandagriff, Cliff	734 Palm St. Medford, Oregon 97501	(541) 779-1666 (541) 779-1667 VandyCJ@earthlink.net	Coos, Curry, Deschutes, Douglas, Jackson, Josephine, Klamath, Lake

FSA FARM APPRAISER LIST

Name	Company and Address	Phone/Fax/Email	County Area
Wentz, Glen	P O Box 1742 Roseburg, Oregon 97470	(541) 672-2790 (541) 672-2790 Gwentz@rosenet.net	Coos, Curry, Douglas, Jefferson, Josephine
Williams, Kurt	2 West Main St. Walla Walla, Washin 99362 gton	(509) 522-2272 (509) 529-5821 Kurt@webmail.bmi.net	Baker, Gilliam, Grant, Morrow, Umatilla, Union, Wallowa, Wheeler
Wirth, Elwood	P O Box 195 Durkee, Oregon 97905	(541) 877-2324 (541) 877-2231 egwirth@eoni.com	Baker, Grant, Harney, Malhuer, Union, Wallowa

STATEMENT OF WORK
FARM REAL ESTATE APPRAISAL

The Farm Service Agency (FSA), an agency of the U. S. Department of Agriculture, makes and services loans secured by real estate. FSA needs appraisal reports to complete various loan making and loan servicing responsibilities.

I OBJECTIVE

FSA intends for the Contractor to perform a real estate appraisal and to provide four copies of a summary report to FSA by the specified date. The real properties with any described fixtures and chattels are to be appraised on any format allowed by USPAP. All appraisals must meet USPAP's requirements. Restricted appraisal reports are not acceptable.

II SCOPE

The purpose of this Statement of Work is for FSA to obtain a market value appraisal of the property by the described completion date. The contractor is to fulfill the appraisal process and appraisal reporting requirements of the current edition of the Uniform Standards of Professional Appraisal Practices (USPAP). The contractor shall furnish all materials, supplies, tools, equipment, personnel, and travel and shall complete all requirements of the Appraisal Order or Purchase Order by the specified date. This statement of work applies to all farm and ranch appraisals for FSA in Oregon starting October 1, 2001.

III FSA's SUPPLEMENTAL REPORTING REQUIREMENTS

- A. All appraisal reports shall contain an appraisal of the Mineral Rights, separate from the subject property. This mineral rights appraisal may be reported in narrative format in the appraisal report. The mineral rights value will be included in the property's market value. If there are mineral leases, the report should contain a copy of the lease. The mineral value should be appraised based on an estimate of the amount and quality of the reserves and the use of market extracted discount rates. The report should show how the discount rate was extracted and should be based on at least three sales.
- B. The report must be typed.
- C. The final report will be 8 1/2" x 11", secured by a staple in the bottom center between the two holes punched through the report. The report is not to be bound on the side or top.
- D. FSA requires the following items be included in the appraisal report.

STATEMENT OF WORK
FARM REAL ESTATE APPRAISAL

1. Summary of Salient Facts.
2. Table of Contents.
3. Legal description.
4. Qualifications of the Appraiser.

E. Timber and timber cruise. When timber value appears to exceed 10% of the property value, FSA requests a timber cruise be performed. The timber cruise should be a variable plot timber cruise with a standard error of not to exceed (plus or minus) 10%. The value should be a market value of the timber, as is, based on either sales or mill price. If market sales are used, then the adjustments need to be shown and if mill prices are used, the deductions need to be shown in the cruise report.

IV USPAP's STANDARD RULES with FSA's SUPPLEMENTAL STANDARDS:

A. STANDARD 1, REAL PROPERTY APPRAISAL DEVELOPMENT

STANDARDS RULE 1-4 states, in developing a real property appraisal, an appraiser must collect, verify, analyze all information applicable to the appraisal problem, given the scope of work identified in accordance with Standards Rule 1-2(f).

(a) When a sales comparison approach is applicable, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion.

FSA's SUPPLEMENTAL STANDARDS:

The appraisal report must show:

- Market data on each comparable sale to enable the development of land category ratios, and land and building adjustments.
- Contributory values of all improvements; fences, corrals, irrigation, drainage, tile drainage, leveling and terracing of the land, ponds, farmstead site improvements, roads, timber, buildings, etc.
- The condition and utility of all improvements.
- Where appropriate the present land category ratio for the area with support and explanation.
- A land mix grid for the land adjustments and an improvement mix grid for the building adjustments.
- Each sale should be verified by a buyer, seller, or the real estate agent handling the sale.

(b) When a cost approach is applicable, an appraiser must

STATEMENT OF WORK
FARM REAL ESTATE APPRAISAL

- (i) *develop an opinion of site value by an appropriate appraisal method or technique.*

FSA's SUPPLEMENTAL STANDARDS:

The appraisal report must explain and contain support for the appraiser's land values.

- (ii) *analyze such comparable cost data as are available to estimate the cost new of the improvements (if any); and*
(iii) *analyze such comparable data as are available to estimate the difference between cost new and the present worth of the improvements (accrued depreciation).*

FSA's SUPPLEMENTAL STANDARDS:

- The appraisal report must contain information on all properties to clearly show how the depreciation was extracted from the market data and used to determine the contributory values for the subject property's improvements.
- The conclusion of value for the cost approach should have an explanation of the reasoning to support the depreciation rate(s) applied to determine the contributory value of the improvements located on the subject property.

- (c) *When an income approach is applicable, an appraiser must:*

- (i) ***analyze such comparable rental data as are available to estimate the market rental of the property;***
(ii) *analyze such comparable operating expense data as are available to estimate the operating expenses of the property;*
(iii) *analyze such comparable data as are available to estimate rates of capitalization and/or rates of discount; and*
(iv) *base projections of future rent and expenses on reasonably clear and appropriate evidence.*

FSA's SUPPLEMENTAL STANDARDS:

The appraisal report must clearly show calculations of the capitalization rates or discount of each comparable sale and the calculations on the subject property's net income and value.

- The owner-tenant method is the recommended approach. Make sure the income and deductions are consistent between the sales and the subject (cash rent, share crop, or owner-operator).
- The appraisal report needs to explain the analysis the appraiser used to determine the capitalization rate used and provide an explanation of the reasoning to support the capitalization rate applied to the subject.

- (g) *An appraiser must analyze the effect on value of any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal.*

STATEMENT OF WORK
FARM REAL ESTATE APPRAISAL

((STANDARDS RULE 1-2 (e) states, in developing a real property appraisal, an appraiser must identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal, including: any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal;)).

FSA's SUPPLEMENTAL STANDARDS:

All personal property or fixtures included in the appraised property will be listed and described in the report with the legal description. This personal property must be identified with serial number, make, model, size, etc.

B. STANDARD 2, REAL PROPERTY APPRAISAL REPORTING

STANDARDS RULE 2-2 (b) states, the content of a Summary Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:

- (iii) *summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;*

FSA's SUPPLEMENTAL STANDARDS:

The following information is required in all reports:

- Area map showing the location of the subject and the comparable properties.
 1. On the subject property:
 - FEMA Floodplain and Mudslide Hazard map with the subject property boundaries marked.
 - Aerial photo or topography map with the property boundaries marked.
 - Soils map with the property boundaries marked.
 - A plat map, title company map, or tax office map.
 2. On the comparable sale properties:
 - Aerial photo or topography map with the property boundaries marked.
 - Soils map with the property boundaries marked.
 - A color photographs showing the comparable sale's improvements, land, and other items of significance.
 - Comments with the sale data information on each comparable sale concerning the motivating factors of the buyer and seller, water resources, farmability factors, highest and best use, etc.
- A good quality 3 1/2" x 5" color photograph on each of the subject's hazards, each land category, the improvements, irrigation equipment, fixtures, timber resources, and other items of significance.

STATEMENT OF WORK
FARM REAL ESTATE APPRAISAL

(vii) summarize sufficient information to disclose to the client and any intended users of the appraisal the scope of work used to develop the appraisal; ((STANDARDS RULE 1-2 (f) states, in developing a real property appraisal, an appraiser must identify the scope of work necessary to complete the assignment.))

FSA's SUPPLEMENTAL STANDARDS:

The appraisal report must provide in detail a clear understanding of what was done, who was contacted, and the extent of the appraisal process performed. The extent of the analysis must be identified, as well as, the geographical area covered and the depth of the research undertaken. Define the area used to gather information, state where the information was received, and the extent to which the field verifications were made

(x) state the use of the real estate existing as of the date of value, and the use of the real estate reflected in the appraisal; and, when the purpose of the assignment is market value, summarize the support and rationale for the appraiser's opinion of the highest and best use of the real estate; ((STANDARDS RULE 1-3 (b) states, when the value opinion to be developed is market value, and given the scope of work identified in accordance with Standards Rule 1-2 (f), an appraiser must develop an opinion of the highest and best use of the real estate.))

FSA's SUPPLEMENTAL STANDARDS:

The Highest and Best Use statement in the report must address each of the four criteria with a paragraph for each criterion.

- In the first part of the analysis on legally permissible, the present zoning and allowable uses should be discussed.
- The physically possible analysis should include the limiting factors that limit the land uses and the crops that can be grown; such as, early frost, water resources, soil characteristics, etc.
- The financially feasible and maximally productive part of the analysis should cover the enterprises normally produced in the area.
- State the Highest and Best Use, as vacant and as improved, at the end of the analysis. The Highest and Best Use should be defined as a type of farm (dairy, cow-calf, cane berry, nursery, etc.)

V Expert Witness Testimony.

If needed by FSA, the Appraiser agrees to be an expert witness for FSA concerning the appraisal in an appeal hearing or in court. This rate will cover the appraiser's time from the time of departing his/her office until the appraiser returns to his/her office. The hours will be rounded to the nearest one-quarter hour. In addition to the hourly fee FSA pays to the appraiser, FSA will reimburse the appraiser for per diem and personal car use, at the rate paid to FSA employees. The present reimbursement for personal automobile is \$.345 per mile. The basic per diem in Oregon is \$55.00 for lodging and \$30.00 for meals

STATEMENT OF WORK
FARM REAL ESTATE APPRAISAL

and incidental expenses. Some areas have higher per diem rates and the appraiser should contact the FSA office for this information. Per Diem is only authorized and paid if the appraiser is required by FSA to be away from their office area by over 50 miles and for overnight. The maximum hours per day for reimbursement are eight hours if the appraiser is on per diem. The personal automobile reimbursement may be requested in all cases of expert witness travel needs. The reimbursements for the time to prepare for the testimony must be negotiated with FSA. The appraiser must submit an invoice to be paid.

VI Use of/and release of the report.

FSA's primary intended use of the appraisal is as stated in the appraisal order request. However, FSA may use the appraisal in other loan making and servicing actions, as FSA needs to do in carrying out requirements in government regulations. FSA does have need from time to time to release a copy of the report to the applicant, borrower, their representatives, and to other parties under the different regulations that FSA conducts business under. These other parties may include peer groups, such as an appraiser organization or the State of Oregon's Appraiser Certification and Licensure Board.

VII PLACE AND PERIOD OF PERFORMANCE

All four executed report copies are to be mailed to the FSA Office as directed in the call order for the appraisal. A properly executed invoice for payment is to be submitted to the FSA Office as directed in the call order. If the Review Appraiser requires additional information to support the adjustments, explain the process, or to meet basic contract requirements, the invoice approval and payment of the appraisal fee will be held until the appraisal is found acceptable to FSA. The appraisal report must be in an FSA office by the Completion Date stated on the Call Order (plus any extension of time granted by FSA) in order for the contract terms to be met. **IF THE CONTRACTOR DOES NOT DELIVER THE APPRAISAL BY THE DUE DATE, THE CONTRACT IS IN DEFAULT AND FSA CAN CANCEL THE PURCHASE ORDER WITHOUT PRIOR NOTICE TO THE CONTRACTOR.**

REVISED 9-14-01

STATEMENT OF WORK

CHATTEL APPRAISAL

The Farm service Agency (FSA), an agency of the U. S. Department of Agriculture, makes and services loans secured by personal properties. FSA has a need for appraisal reports to complete various loan making and loan servicing responsibilities.

I OBJECTIVE

FSA intends for the Contractor to provide a chattel appraisal of the identified property to be delivered to the FSA Office requesting the appraisal by the specified date. The Contractor shall furnish all materials, supplies, tools, equipment, personnel, and travel and shall complete all requirements of the Agreement or Contract by the specified date. The equipment and livestock are to be appraised on the appropriate Agency form. Other personal property will be appraised in a narrative report and attached to the Agency appraisal form.

II MARKET VALUE

The property will be appraised by using the orderly liquidation market value. This value is the estimated gross amount, expressed in terms of money, which could be typically realized from a sale, given a reasonable period of time to find a purchaser(s) with the seller being competed to sell on an as is-where is basis.

III MARKETING PERIOD

For the purpose of this appraisal a 90 day marketing period is considered appropriate as a reasonable time for exposure in the open market, assuming that the subject property is professionally and actively marketed.

IV PROPERTY IDENTIFICATION

All of the personal property to be appraised is described on an attachment titled Property Information, Chattel Appraisal. This property is owned by or taken care of by the person(s) named on the Supplement to AD-700. In addition to the personal property listed, FSA security agreements cover all additions to and replacements to the property listed on the security agreement. Therefor, as the appraiser performs the appraisal, if the appraiser becomes aware of additional equipment, livestock, and other farm personal property, the appraiser is too describe this additional property with an appraised value on an attachment to the appraisal.

V PROPERTY LOCATION AND ACCESS

FSA understands the property is located at the location described on the Supplement to AS-700. If the location of some of the property is not located at the location described and the new location will add considerable cost to the appraiser to inspect the property, the appraiser should contact the FSA County Executive Director (CED) and negotiate an increase in the contract amount. FSA requires that the appraiser inspects all security; and if unable to do so, then the reason why not must be explained and concurred with by the CED. The Appraiser is to contact the person listed on the supplement to AD-700

STATEMENT OF WORK

CHATTEL APPRAISAL

for access to inspect and appraise the property. If the Appraiser is denied access, the Appraiser is to immediately inform the CED that issued the Page two, Statement of Work, Chattel Appraisal

A. Call Order

The report is to describe the location of all property that is not located at the property described by FSA.

VI THE REPORT

The report is to consist of an appropriate Agency form, with attachment, as needed, to explain and document the appraisal.

- A. The livestock and the equipment will be appraised by use of an appropriate Agency form.**
- B. Inventory of crops on hand, feed on hand, etc. will be appraised in a narrative format by describing the item, the quantity, the quality, the unit value, and the final value. Then the cost to market and convert the item to cash will be explained and deducted for the market value.**
- C. All crops growing on the real estate described in item 1 of Form FSA 0440-04A, Security Agreement (Chattels and Crops), will be appraised if FSA provided a copy of the security agreement to the Appraiser. The growing crops will be described in a narrative format by the location (use of FSA aerial photos would be good), quantity, quality, age or maturity, unit value and present gross crop value. The cost to harvest or market will be deducted, if the crop will be harvested within 90 days. If the crop will not be harvested within 90 days, then the cost invested in the crop may be used. In either case, the appraiser should deduct all known liens or landlord leases due against the crop. The appraiser is not required to conduct a lien search, only to advise FSA of his findings.**
- D. Base acres are to be appraised using actual sales of base acres of the same crop for the same processor. If the appraiser can not obtain sale information, the Contracting Officer Representative may authorize an alternative method after the Appraiser reports his search of the market to the COR and the COR find the Appraiser's efforts were satisfactory.**

Revised 9/14/01

STATEMENT OF WORK
NON-FARM REAL ESTATE APPRAISAL

The Farm Service Agency (FSA), an agency of the U. S. Department of Agriculture, makes and services loans secured by real estate properties. FSA has a need for appraisal reports to complete various loan making and loan servicing responsibilities.

I OBJECTIVE

FSA intends for the Contractor to perform a complete real estate appraisal and to provide three copies of a summary report to the FSA Offices specified in the appraisal order by the specified date. The real property with any described fixtures and chattels are to be appraised on the Uniform Residential Appraisal Report (URAR) with other forms and attachments as explained below. All appraisals must meet USPAP. Restricted appraisal reports are not acceptable.

II SCOPE

The purpose of this contract is for FSA to obtain a present market value appraisal of the property described in the property information by the completion date listed on the Call Order. The appraisal report is to meet the below described report format and contain all of the required documents. In performing the appraisal the contractor is to fulfill the appraisal process and appraisal reporting requirements described in the Uniform Standards of Professional Appraisal Practices (USPAP). The Contractor shall furnish all materials, supplies, tools, equipment, personnel, and travel and shall complete all requirements of the Agreement or Contract by the specified date.

III APPLICABLE DOCUMENTS

A. THE REQUIRED FORMS

1. Uniform Residential Appraisal Report (URAR) will be completed as required to meet USPAP.
2. Form 1007, (Marshall & Swift) Square Foot Appraisal Form, will be used when the existing improvements are less than one year old or the improvements are proposed. This form will also be used when the estimated market value of the property is based on the cost approach.

B. PHOTOGRAPHS.

A good quality 3 1/2" x 5" color photograph must be provided with title on the subject's improvements, land, hazards, fixtures, and other items of significance. When the non-farm property is a dwelling on a site, photographs of all four sides of the dwelling is required. Titled photographs will also be provide for each comparable sale to show the land and improvements.

C. MAPS OF THE SUBJECT PROPERTY.

The following maps are requires in all cases:

STATEMENT OF WORK
NON-FARM REAL ESTATE APPRAISAL

1. Area map showing the location of the subject and the comparable properties.
2. FEMA Floodplain and Mudslide Hazard map with the property boundaries marked.
3. A plat map, title company map, or tax office map.

D. THE REPORT.

The report should meet the following requirements:

1. All forms and comments must be typed.
2. Computerized versions of FmHA/FSA forms may be used after the FSA State Executive Director has provided written approval.
3. The report must contain the following documents:
 - (1) The Uniform Residential Appraisal Report.
 - (2) Addendum or comments supporting the URAR.
 - (3) Form 1007 (Marshall & Swift square foot appraisal form), when required.
 - (4) Legal description
 - (5) Plat map of the property (also called tax map or assessor's map)
 - (6) FEMA Floodplain and Mudslide Hazard map with property boundaries marked.
 - (7) Floor diagrams of essential buildings.
 - (8) Location map showing the location of the subject and the comparable sales.
 - (9) Any Environmental Addendum.
 - (10) Any additional certification & limiting conditions.
 - (11) Qualifications of the Appraiser.

IV WORK REQUIREMENTS

- A. All fixtures that are included in the appraised property will be listed and described in the report with the legal description.**
- B. The appraisal process and the appraisal report are to meet the requirements of the Uniform Standards of Professional Appraisal Practices (USPAP).**
- C. All adjustments to comparables will be based on paired sales extraction, unless the data is not available, then cost estimates and market surveys of value differences may be used.**

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NON-FARM REAL ESTATE APPRAISAL

The information in the addendum to the URAR must clearly describe the adjustment with documentation, as needed; to support the adjustments used.

- D. The property will be appraised by using the present market value. The report is to include a definition of market value as recommended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989.**
- E. If the order for the appraisal states the purpose for the appraisal is for a partial release, a complete summary appraisal report will be completed on the property to remain after the release. The appraiser will also recommend the market value of the parcel to be released and explain this value in the comments supporting the UAAR.**
- F. Access to the property. The appraiser is to make all necessary arrangements with property owners, lessees, brokers, easement holders, contractors, title companies and others to perform the appraisal. If the person in possession of the subject property delays the appraisal process, the appraiser should immediately contact the FSA CED for assistance and for a possible extension of the contract delivery date.**
- G. Approaches to property value. The market data approach and the cost approach shall be completed and used in reconciling the final estimate of value.**
- H. Property improvements. In the event FSA provides to the Contractor a list of repairs required to improve the property, these repairs shall be reflected in the appraisal process. Otherwise, the property is to appraised 'as is'.**
- I. The normal marketing period for properties of the type and size of the subject is to be estimated and covered in the comments or addendum to the URAR.**
- J. The amount of the size adjustment, for each sale, is to be determined from the sales price of the sale by subtracting the site, garage, basement values and other non-dwelling items. This figure is divided by the square foot of the sale's dwelling.**

V EXPERT WITNESS TESTIMONY

If needed by FSA, the Appraiser agrees to be an expert witness for FSA concerning the appraisal in an appeal hearing or in court. The price for this service will be negotiated, if the service is needed.

Use of/and release of the report. FSA's primary intended use of the appraisal is as stated in the appraisal order request. However, FSA may use the appraisal in other loan making and servicing actions, as FSA needs to do in carrying out requirements in government regulations. FSA does have need from time to time to release a copy of the report to the applicant, borrower, their representatives, and to other parties under the different regulations that FSA conducts business under. These other parties may include peer

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NON-FARM REAL ESTATE APPRAISAL

groups, such as an appraiser organizations or the State of Oregon's Appraiser Certification and Licensure Board.

VI PLACE AND PERIOD OF PERFORMANCE

The submission of the three executed final reports will be to the FSA Office stated in the call order. A properly executed invoice for payment is to be submitted to the FSA Office with the report. If the Review Appraiser requires additional information to support the adjustments, explain the process, or to meet basic contract requirements, the invoice approval and payment of the appraisal fee will be held up until the additional information is processed and the appraisal is found acceptable to FSA. The appraisal report must be in a FSA office by the Completion Date stated on the Call Order (plus any extension of time granted by FSA) in order for the contract terms to be met. Appraisal reviews will be completed by FSA to assure compliance with USPAP, the appriaisal order requirements, and FSA's requirements. IF THE CONTRACTOR DOES NOT DELIVER THE APPRAISAL BY THE DUE DATE, THE CONTRACT IS IN DEFAULT.

REVISED 9/14/01

STATEMENT OF WORK

TIMBER CRUISE

The Farm Service Agency (FSA), an agency of the U. S. Department of Agriculture, makes and services loans secured by real estate. FSA has a need for timber cruises to complete various loan making and loan servicing responsibilities.

I OBJECTIVE

FSA intends for the Contractor to provide two typed copies of a timber cruise to the FSA Offices by the specified date. FSA desires the log grades, standards, and specifications prevailing in the market area to be used.

II SCOPE

The purpose of this contract is for FSA to obtain an estimated market value of the timber as described in the request for timber cruise by the completion date listed on the Call Order. The cruise may be a variable plot cruise with a standard error of 10%. The report is to meet the below described report format and contain all of the required documents. The Contractor shall furnish all materials, supplies, tools, equipment, personnel, and travel and shall complete all requirements of the Agreement or Contract by the specified date.

III THE REQUIRED FORMS

None required. The report may be completed in a narrative format.

IV MAPS OF THE SUBJECT PROPERTY.

The following maps are required in all cases:

- A. Area map showing the location of the subject.**
- B. Map of the property showing the general topography, roads, creeks, the timber stands, and each property subdivision designating cruise strips, etc. Any riparian areas should be marked.**
- C. Aerial photo with the property boundaries marked.**

V STANDARDS

A. Inventory design

The cruise design must include the merchantability limits, sampling error target, and a map of each property subdivision designating cruise strips, cruise strip bearings, stand stratification's, plot locations, and plot numbers. Prior to conducting the timber inventory, the Contractor must submit the cruise design to the Farm Service Agency's County Executive Director (CED) or Farm Loan Manager (FLM) for approval. The timber inventory must be designed in a professional, systematic manner, which adequately samples variability and minimizes bias.

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TIMBER CRUISE

B. Merchantability Limits

The merchantability limits must conform to or be easily equated to those used in the market place for the subject properties.

C. Volume Estimators

Volume estimators or tree volume taper equations must be used which correspond to or closely approximate those used in the market area of the subject properties. D. Quality Grading: Grading standards must correspond or be easily equated to the Official Log Scaling and Grading Rules as developed and updated by the Northwest Log Rules Advisory Group. In addition, each log grade segment must be subgraded for export or domestic quality.

D. Sampling Error

For market value appraisal purposes, sampling accuracy standards need not be greater than that prevailing for stumpage and timbered property transacted in the marketing area of the subject property.

E. Market Value

The market value shall be determined by use of the current market price a timber owner can obtain in the market from selling the timber as it is, which the appraiser shall explain in the report. If market sales are used, then the adjustments need to be shown. If mill price is used then deductions need to be shown.

VI TIMBER INVENTORY INSPECTION

The FSA or their representatives reserve the right to perform check cruises of Contractors work. To this end, the Contractor will provide the FSA or their representatives with copies of field measurement data, volume summaries, and any other pertinent data which would expedite a check cruise, including any cruise map revisions, for each property subdivision promptly upon completion. The Contractor shall clearly monument all sampling plots as follows:

- A. Hang adequate flagging in a clearly visible manner near each sampling plot.**
- B. Establish and clearly mark a durable plot center monument, which will remain in place for a minimum of six months.**
- C. Identify the sample plot number, cruise strip number, and date at each plot in a consistent manner, preferably written in permanent marker on a strip of durable flagging.**

VII QUALITY CONTROL STANDARDS

The FSA or their representatives reserve the right to perform a check cruise of at least 10% of Contractor's work. Contractor's work must meet or exceed the following standards:

STATEMENT OF WORK
TIMBER CRUISE

A. Net Volume

The net cruise volume for each property subdivision must be within plus or minus 10% of the net cruise volume as indicated by the check cruise. The same tree volume estimators must be used for this comparison. The tree volume estimators used by the Contractor will be considered the standard for comparison.

B. Quality

The value for each property subdivision must be within plus or minus 10% of the check cruised value. This will be measured by comparing the total graded log value on a MBF basis using the same set of log values. This check is to be done independently of the net volume check.

C. Sampling error

The actual sampling error for each property subdivision must meet or exceed the sampling error target identified in the Contractor's cruise design.

VIII THE REPORT.

The report must meet the following requirements:

A. All forms and comments must be typed.

B. The final report will be 8 1/2" x 11", secured by a staple in the bottom center between the two holes punched through the report. The report is not to be bound on the side or top.

C. The following items will also be included in the report:

1. Maps of Subject.
2. Location map.
3. Any Environmental Addendum.
4. Any additional certification & limiting conditions.
5. Qualifications of the Appraiser.

IX OTHER ITEMS

A. Date of Appraisal

The date of the appraisal will be the date inspected by the appraiser, except in the cases where FSA requires a different date.

B. Access to the farm

The appraiser is to make all necessary arrangements with farm owners, lessees, brokers, easement holders, contractors, title companies and others to perform the appraisal. If the person in possession of the subject property delays the appraisal process, the appraiser should immediately

STATEMENT OF WORK
TIMBER CRUISE

contact the FSA Contract Officer (CO) or Contract Officer Representative (COR) for assistance and for a possible extension of the contract delivery date.

X Expert Witness Testimony

If needed by FSA, the Appraiser agrees to be an expert witness for FSA concerning the appraisal in an appeal hearing or in court. The price for this service will be negotiated, if the service is needed.

XI PLACE AND PERIOD OF PERFORMANCE

Submission of the final reports. Two copies of the report needs to be submitted to the CED ACM by the delivery date in the contract. A properly executed invoice for payment is to be submitted to the County Executive Director or Farm Loan Manager who will sign the invoice and authorize payment if the appraisal is found to be acceptable. The appraisal report must be in a FSA office by the Completion Date stated on the Call Order (plus any extension of time granted by FSA) in order for the contract terms to be met. Failure to conform will result in non-payment and the return of the appraisal report and invoice to the Contractor. IF THE CONTRACTOR DOES NOT DELIVER THE APPRAISAL BY THE DUE DATE, THE CONTRACTOR HAS CANCELED THE CONTRACT AND FSA DOES NOT NEED TO PAY OR SEND A CANCELLATION NOTICE.

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